



 PubMatic

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THE EVOLUTION OF COMMERCE MEDIA IN EUROPE

TOKYO MILAN NEW DELHI LOS ANGELES
FUELING ADVERTISING INNOVATION

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WHY NOW?

- 1** | **COMMERCE MEDIA IS SEEING RAPID GROWTH**
- 2** | **GLOBAL AND LOCAL BRANDS ARE KEENLY EXPLORING HOW TO ADVERTISE THROUGH THE CHANNEL**
- 3** | **THERE HAVE BEEN FEWER INVESTIGATIONS EXAMINING ATTITUDES TO COMMERCE MEDIA FROM THE PERSPECTIVE OF RETAILERS AND COMMERCE MEDIA PLATFORMS**
- 4** | **THE DIVERSITY OF THE COMMERCE MEDIA LANDSCAPE IN EUROPE MEANS A LOT OF COMPANIES CAN WIN IN THIS SPACE**

UNDERSTANDING THE COMMERCE MEDIA LINGO

TERM	DEFINITION
COMMERCE MEDIA	It is defined as advertising sold within digital properties in which products or services are also sold. This typically comprises retailer websites and apps, or online marketplaces, though it can also include on-site digital displays such as store entrance screens and in-store signage. Commerce media also comprises off-site campaigns run by retailers using their shopper data on behalf of third-party brands that have their products listed on the retailer’s page or app.
COMMERCE MEDIA COMPANY	It is any company that sells goods or services to customers, that has a view on the transaction data, and that makes those users available for targeting by advertisers onsite and/or offsite.
RETAILER	An individual or company that sells goods and/or services to the public in physical stores (physical retailer), via the internet (e-commerce retailer), or both in-store and via the internet (hybrid retailer). For brevity, the term retailer is used interchangeably in this report with commerce media company (see above) – for a full breakdown of surveyed retailer verticals, please see “Methodology” below.



Source: The Evolution of Commerce Media report, ExchangeWire and PubMatic, 2023

METHODOLOGY OVERVIEW

112

ONLINE SURVEY ACROSS
commerce media company
professionals

4

EMEA
MARKETS:
FR, ES, DE, UK

COMMERCE MEDIA COMPANY TYPE



- 32% E-COMMERCE
- 29% PHYSICAL
- 39% HYBRID (e-commerce and in-store operations)

COMPANY REVENUE



- 31% SMALL (revenue <£5M)
- 27% MEDIUM (revenue £5M–£50M)
- 37% LARGE (revenue >£50M)
- 5% UNDISCLOSED

RESPONDENT SENIORITY



- 44% HEAD OF BUSINESS AND C-LEVEL
- 12% SVP/VP/GM
- 31% ADVERTISING/SALES DIRECTOR
- 13% HEAD OF TECHNOLOGY

Source: The Evolution of Commerce Media report, ExchangeWire and PubMatic, 2023

COMMERCE MEDIA

99%

EUROPEAN RETAILERS
GENERATE REVENUE
FROM DIGITAL
ADVERTISING ARE
GATHERING THIS IN PART
THROUGH **COMMERCE
MEDIA ACTIVITY**

16%

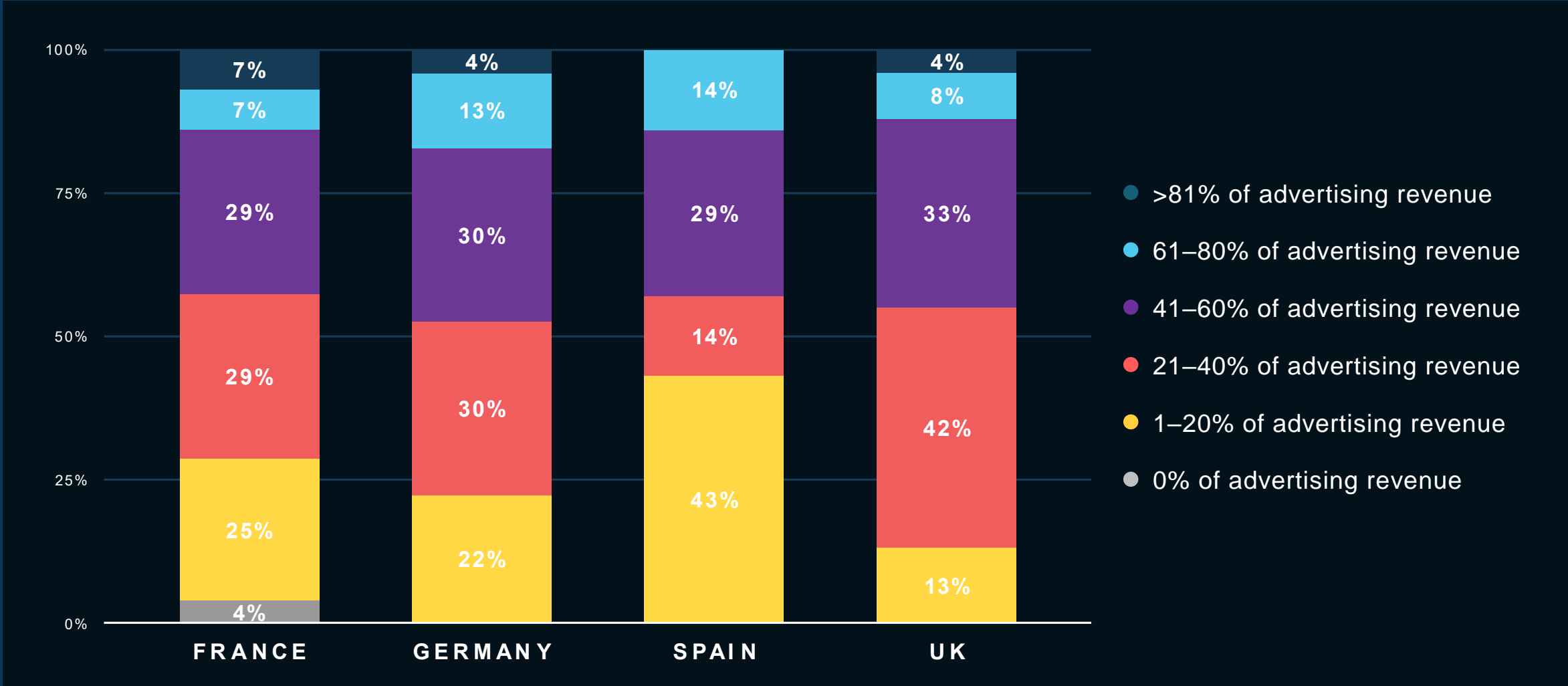
OF THOSE SURVEYED
GENERATING MORE THAN
**60% OF THEIR
ADVERTISING REVENUE
VIA COMMERCE MEDIA**

69%

ARE PLANNING
ON LEVERAGING
COMMERCE MEDIA FOR
**MONETISATION IN
THE FUTURE**

Source: The Evolution of Commerce Media report, ExchangeWire and PubMatic, 2023

ADVERTISING REVENUE ATTRIBUTABLE TO COMMERCE MEDIA — BY COUNTRY



PROGRAMMATIC IS ALSO BEING EMBRACED



OF EUROPEAN
RETAILERS ARE
AVOIDING SELLING
INVENTORY VIA RTB



OF EUROPEAN RETAILERS
ARE GENERATING 61%–81%
OF THEIR COMMERCE
MEDIA REVENUE VIA RTB

Source: The Evolution of Commerce Media report, ExchangeWire and PubMatic, 2023

CHANGE IN COMMERCE MEDIA REVENUE IN NEXT 12 MONTHS

67%

OF RESPONDENTS
PLAN TO INCREASE
THEIR COMMERCE
MEDIA INVESTMENT

24%

OF RESPONDENTS
MAINTAIN CURRENT
LEVEL

18%

OF RESPONDENTS IN
FRANCE STATED THAT
THEY AIMED TO
**INCREASE THEIR
COMMERCE MEDIA
INVESTMENT BY AT
LEAST 50%**

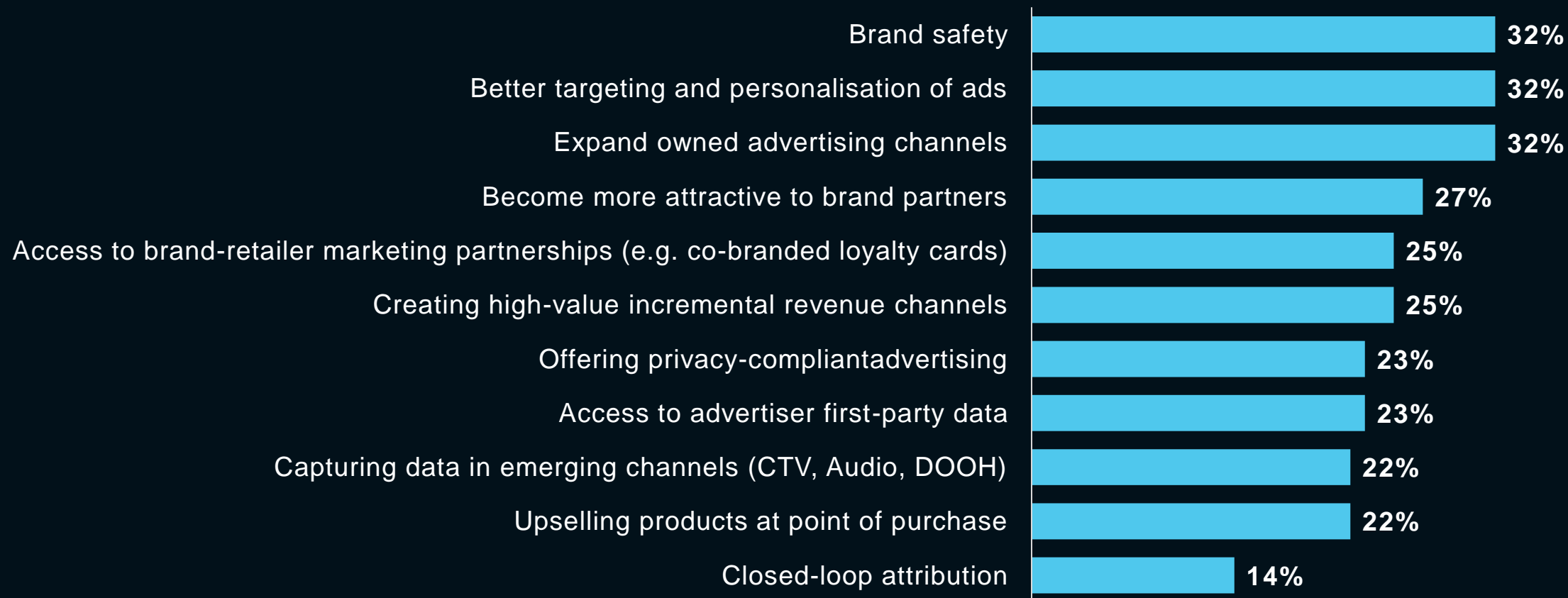
76%

OF LARGE RETAILERS
(REVENUE GREATER
THAN £50M)
ARE LIKELY TO
INCREASE COMMERCE
MEDIA INVESTMENT
IN THE NEXT YEAR

Source: The Evolution of Commerce Media report, ExchangeWire and PubMatic, 2023

DRIVERS FOR COMMERCE MEDIA INVESTMENT

DRIVERS FOR COMMERCE MEDIA INVESTMENT



Source: The Evolution of Commerce Media report, ExchangeWire and PubMatic, 2023

BARRIERS FOR COMMERCE MEDIA INVESTMENT

BARRIERS TO COMMERCE MEDIA INVESTMENT



Source: The Evolution of Commerce Media report, ExchangeWire and PubMatic, 2023

CONCERNS WITH GRANTING ADVERTISERS ACCESS TO CUSTOMERS

45%

**MANY ALSO EXPRESS
CONCERNS REGARDING
ON-SITE USER
EXPERIENCE**

34%

**OF RESPONDENTS
CONCERNS REGARDING
RISKS OF DILUTING
CORE AUDIENCE**

Source: The Evolution of Commerce Media report, ExchangeWire and PubMatic, 2023

RETAILER ATTITUDES TO THIRD-PARTY COMMERCE MEDIA TECHNOLOGY PROVIDERS

80%

OF EUROPEAN
RETAILERS ARE OPEN
TO WORKING WITH
THIRD-PARTY
TECHNOLOGY
PROVIDERS FOR
THEIR COMMERCE
MEDIA EFFORT

20%

STATING THAT
THEY ARE ALREADY
WORKING WITH
SUCH PARTNERS

3.82

AVR SCORE
OUT OF MAX 6
ASSIGNED TO THE
'COST OF PARTNERING
WITH 3RD PARTY
TECHNOLOGY
PROVIDERS' FACTOR AS
MOST CITED BARRIER

3.72

AVR SCORE OUT OF MAX
6 ASSIGNED TO THE
'DATA-ACTIVATION'
FACTOR, AS RETAILERS
LOOKING TO MAXIMISE
THE VALUE OF THE
1ST PARTY DATA

Source: The Evolution of Commerce Media report, ExchangeWire and PubMatic, 2023

LOOKING TO THE FUTURE

- 1 | Meet demands for the next generation of advertisers, 'programmatic-first'.
- 2 | The future commerce media solutions are powered by first-party data. Compared with the targeting capabilities offered by third-party cookies, that's a step change in terms of efficiency and effectiveness.
- 3 | Ad tech can speed up ad trading: the ability to activate, optimise, report, and adjust campaigns rapidly allows ad buyers to change their creative messaging or spending commitments very quickly are critical and will decide who the winners are.
- 4 | There is no "one size fits all" model for commerce media, especially in a region as diverse as Europe. This fragmentation may prove daunting, however it represents an extraordinary opportunity.

Source: The Evolution of Commerce Media report, ExchangeWire and PubMatic, 2023



THANK YOU